

**REPORT
 HIGHLIGHTS**
 SINGLE AUDIT

Subject

The District is responsible for preparing financial statements, complying with federal and state laws, and maintaining strong internal controls over compliance and financial reporting. As the auditors, our job is to determine whether the District has met its responsibilities. The District's Single Audit Reporting Package includes our report on the District's financial statements, the District's financial statements including its schedule of expenditures of federal awards, and our reports on the District's compliance and internal control.

Our Conclusion

The information in the District's financial statements is fairly stated in all material respects and the financial statements can be relied upon. The District also maintained adequate internal controls over financial reporting and federal compliance, and complied with the federal program requirements for the programs tested.



2003

Year Ended June 30, 2003

**District's Condensed
 Financial Information**

The following tables present summarized versions of the District's Statement of Net Assets and its Statement of Revenues, Expenses, and Changes in Net Assets.

**Statement of Net Assets
 As of June 30, 2003 and 2002
 (In Thousands)**

	2003	2002
Assets		
Current	\$16,202	\$19,765
Capital	<u>34,142</u>	<u>34,519</u>
Total assets	<u>50,344</u>	<u>54,284</u>
Liabilities		
Current	1,001	1,329
Noncurrent	<u>474</u>	<u>430</u>
Total liabilities	<u>1,475</u>	<u>1,759</u>
Net Assets		
Invested in capital assets	34,142	34,519
Restricted	122	
Unrestricted	<u>14,605</u>	<u>18,006</u>
Total net assets	<u>\$48,869</u>	<u>\$52,525</u>

**Revenues and Expenses
 For the Years Ended June 30, 2003 and 2002
 (In Thousands)**

	2003	2002
Operating Revenues		
Tuition and fees	\$ 1,720	\$ 1,959
Government grants and contracts	4,081	6,363
Other operating revenues	<u>779</u>	<u>876</u>
Total operating revenues	<u>6,580</u>	<u>9,198</u>
Nonoperating Revenues		
State appropriations	11,833	13,160
Property taxes	1,928	1,783
Other nonoperating revenues	<u>139</u>	<u>1,229</u>
Total nonoperating revenues	13,900	16,172
Capital appropriations	<u>649</u>	<u>639</u>
Total revenues	<u>\$21,129</u>	<u>\$26,009</u>
Operating Expenses		
Educational and general	\$17,587	\$20,111
Auxiliary enterprises	1,889	1,875
Depreciation	<u>1,493</u>	<u>1,364</u>
Total operating expenses	<u>20,969</u>	<u>23,350</u>
Nonoperating Expenses:		
Other nonoperating expenses	<u>3,815</u>	—
Total nonoperating expenses	<u>3,815</u>	—
Total expenses	<u>\$24,784</u>	<u>\$23,350</u>

**Operating Revenues and
 Expenses Decrease**

The District's operating revenues and expenses significantly decreased from the prior year. Operating revenues decreased by approximately \$2.6 million, or 28 percent, while operating expenses decreased by approximately \$2.4 million, or 10 percent. The main reason for the decreases is attributed to the termination of the Gila County Educational Service

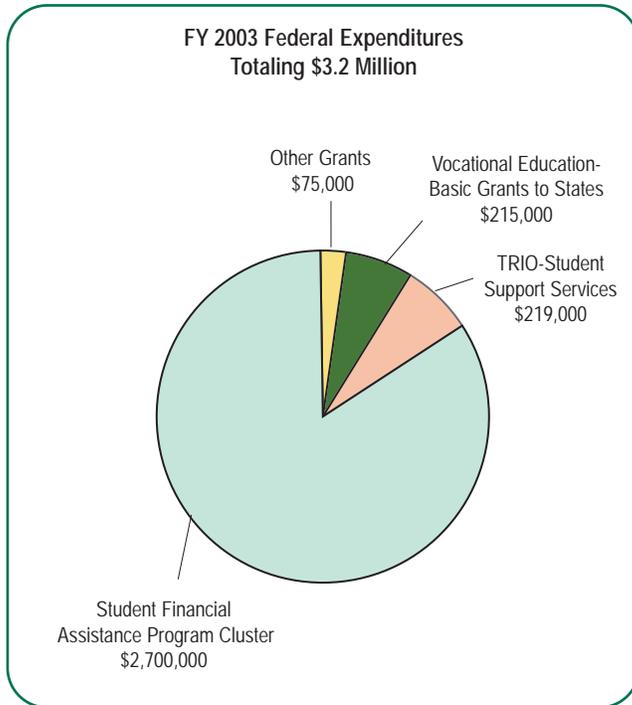
contract at the end of fiscal year 2002. During fiscal year 2001-2002, the District provided educational courses and programs to students in Gila County. The contract was not renewed for fiscal year 2003, resulting in a reduction of the District's tuition revenues, contract revenue, and operating expenses.

The District Spent \$3.2 Million of Federal Monies

The District spent \$3.2 million of federal monies and additional required state matching monies this past year for nine federal grant programs. The largest federal grants were for student financial assistance. Under the guidelines established by the Single Audit Act, auditors tested

the following federal programs collectively referred to as the Student Financial Assistance Program Cluster:

- Federal Supplemental Educational Opportunity Grants
- Federal Work-Study Program
- Federal Pell Grant Program



TO OBTAIN MORE INFORMATION

A copy of the full report can be obtained by calling
(602) 553-0333



or by visiting our Web site at:
www.auditor.gen.state.az.us

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The Single Audit Fact Sheet

- No weaknesses in financial reporting or federal compliance internal controls.
- No violations of federal program compliance requirements.
- No program costs were questioned as a result of our audit.

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Year Ended June 30, 2003